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BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 96-030-C - ORDER NO. 96-468

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JULY 12, 1996

IN RE: Petition for Approval of Asset Sale from) ORDER
WorldTel Services, Inc. to LCI) APPROVING
Telemanagement (formerly Corporate) ASSET SALE
Telemanagement Group).)

This matter is before the Public Service Commission of South Carolina ("the Commission") on the Petition of WorldTel Services, Inc. ("WorldTel") and LCI Telemanagement, hereinafter "LCI", (formerly Corporate Telemanagement Group), (collectively referred to herein as the "Petitioners"), requesting the approval of the sale of certain assets from WorldTel to LCI. The Petition was filed pursuant to S.C. Code Ann. Section 58-9-310 (Supp. 1994) and the Regulations of the Public Service Commission.

The Commission's Executive Director instructed the Petitioners to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the affected areas. The purpose of the Notice of Filing was to inform interested parties of the Petition and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. The Petitioners complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. No Petitions to Intervene were filed in this matter.

Since the original petition was filed in this case, Corporate Telemanagement Group, Inc., ("CTG") has been acquired by LCI Telemanagement Corporation. That acquisition was approved by this Commission on August 30, 1995, by Order No. 95-1483. In that Order, the Commission approved the transfer of all of CTG's assets to LCI and the merger of CTG into LCI. CTG ceased to exist as a separate corporation, and LCI continues to provide service to CTG's customers under the same rates and terms as set forth in CTG's former tariff. Since CTG has merged into LCI, LCI is actually the entity seeking to acquire the tangible assets of WorldTel. CTG and LCI will be referred to hereinafter as "LCI".

A public hearing was commenced on June 12, 1996, at 11:00 a.m. in the Commission hearing room. The Honorable Rudolph Mitchell, Chairman, presided. The Petitioners were represented by Faye A. Flowers, Esquire. Catherine D. Taylor, Staff Counsel, represented the Commission Staff.

Mary Haynsworth Campbell, LCI Tariff Specialist, appeared and offered testimony in support of the Petition. She stated that LCI and WorldTel are certified by this Commission to provide intrastate resold telecommunications services in South Carolina. Ms. Campbell further explained that WorldTel and LCI signed an agreement for sale and purchase of assets pursuant to which they contemplate that LCI will acquire a portion of the long distance business and certain assets of WorldTel. Specifically, the transaction for which approval is sought involves the transfer of substantially all customer contracts, rights, lists, records,

billing and all other information relating to the Express customers of WorldTel; substantially all sales agent contracts, rights, lists, records, payment and other information relating to sales agents for the Express customers; and the non-exclusive right to use the trademark "Express" until December 31, 1995. Upon closing the transaction, LCI will provide telecommunications services to WorldTel's former customer base. Ms. Campbell testified that the transfer of assets will not adversely affect the provision of telecommunications services in South Carolina, and that during transition customers will continue to be able to purchase from LCI the same services which they currently purchase from WorldTel at the same rate and under the same terms and conditions. LCI will initially continue billing WorldTel's former customers under WorldTel's tariff with bills that identify both WorldTel and LCI. Ms. Campbell further stated that all of WorldTel's customers will be sent appropriate and timely notice of the transaction. At present, WorldTel has only eight (8) customers in South Carolina, who generate an average total of \$50.00 in intrastate revenues per month. LCI anticipates a transition period of approximately six months to integrate fully the customer base purchased in this transaction into its existing operations. During the transition, LCI will migrate the transferred customers and their rates and products onto its tariff as filed with the Commission.

WorldTel will maintain its tariff and certification on file with the Commission as it will continue to offer services in South Carolina. Ms. Campbell explained that WorldTel is selling only a portion of its assets. The corporation will remain in existence and plans to remain active in the telecommunications industry.

Ms. Campbell continued by explaining that the proposed merger offers several advantages:

1. LCI's management and telecommunications experience will benefit WorldTel's South Carolina customers;
2. The asset transfer will expand LCI's customer base, thus enabling the Company to generate economies of scale and an efficiency of operation; and
3. The transaction will invigorate competition in the intrastate long distance market.

Ms. Campbell has assured the Commission that the Petitioners would abide by the Commission's rules and regulation.

Upon review and consideration of the Petition, applicable law, and evidence at the hearing, the Commission hereby issues its findings of fact and conclusion of law:

FINDINGS OF FACT

1. WorldTel is a California corporation certified by this Commission to operate as a reseller of intrastate interexchange telecommunications services in South Carolina pursuant to Order No. 93-1021, Docket No. 93-406-C.

2. LCI Telemanagement Corporation is a Delaware corporation which is wholly owned by LCI International, Inc., also a Delaware corporation, and is certified by the Commission to provide interexchange telecommunications services in South Carolina pursuant to Order No. 95-1483.

3. LCI and WorldTel wish for LCI to acquire a portion of the long distance business and certain assets of WorldTel. Specifically, the transfer would involve the acquisition of substantially all customer contracts, rights, lists, records, billing and all other information relating to the Express customers of WorldTel; substantially all sales agent contracts, rights, lists, records, payment and other information relating to sales agents for the Express customers; and the non-exclusive right to use the trademark "Express" until December 31, 1995.

4. LCI and WorldTel signed an Agreement for Sale and Purchase of Assets pursuant to which they contemplate that LCI will acquire a portion of the long distance business and certain the assets of WorldTel.

5. Upon closing this transaction, LCI will provide telecommunications services to WorldTel's former customer base.

6. Because the transfer of assets will be made in seamless fashion, WorldTel's former customers will not be adversely affected. Customers will be able to purchase the same services from LCI that they currently purchase from WorldTel at the same rates and under the same terms and conditions.


CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission hereby determines that the sale of assets from WorldTel to LCI is in the public interest, and, therefore, the Commission approves the requested asset transfer as stated herein.

2. The transfer of assets and merger as discussed herein are in the public interest because these transactions enable LCI to operate more efficiently, introduce new products, and continue to expand operations, thereby offering new and improved services to customers in South Carolina.

3. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)